



Adoption Factor of Mobile Marketing: The Case of Small Medium Enterprises in Malaysia

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ABSTRACT

In this era of globalization where information technology has taken place for fulfilling customer demands, small and medium enterprises (SMEs) have to fight in this intense competition in order to be able to gain their own market shares. To achieve targeted market shares, the use of mobile marketing as a medium for advertisement has evolved to an important tools for SMEs. Therefore, the main purpose of this study is to examine the factors that positively contribute to the adoption level of mobile marketing among Malaysian SMEs. From overall, 150 sample of questionnaire has collected from the SMEs all over Malaysia and analysed uses descriptive method. The result found that there is a positive relationship between branding strategy and technical knowledge towards the adoption level of mobile marketing.

Keywords: Mobile Marketing, Small and Medium Enterprises Malaysia, Adoption Level

JEL Classifications: M310, M370, O310

1. INTRODUCTION

Mobile marketing has been a topic that is rapidly growing in importance and interest. In the definition from Mobile Marketing Association (2006), mobile marketing known as "the use of wireless media as an integrated content delivery and direct-response vehicle within a cross-media marketing communication program." Based on Malaysia Communications and Multimedia Malaysia (2014), the statistical of Malaysian Smartphone users increase steadily almost every year. When this happens, marketers tend to have their focus of interest invested into marketing activities in mobile media (Venkatesh, 2015). Alternatively, there is also report where it is estimated to have more than two billion of Smartphone users by 2016.

However to achieve an efficient marketing, the ability to adopt technological changes is needed ahead of decide to apply this innovative marketing. As the customer today has developed their behaviour by having mobile device as part of their habitual life, mobile marketing has also become important for most marketers

to provide a mobile channel for customers to communicate and make transactions (Wang et al., 2015). Online customers tend to use mobile gadget to do shopping and pre-shopping activities like search for store locations or store hours (Google Shopper Marketing Council, 2013).

Hence, the main reason this study is being conducted is to examine the factors of adoption of mobile marketing by small and medium enterprises (SMEs) which location in whole Malaysia. Besides, it is also to propose these key factors of mobile marketing adoption for an improved marketing operation planning and performances of SME. Other than these, our effort in developing this study also construct a structure that SME can use in improving their sales performance using mobile marketing.

2. OBJECTIVE OF STUDY

The main objective of this study is to examine the understanding level of Malaysian SME and also their level of acceptance towards applying mobile marketing into their business.

3. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

3.1. General Overview of Mobile Marketing

Based on the definition from Mobile Marketing Association (2015), mobile marketing has become significant medium to easily connect the target customers of the companies. It is also known as marketing efforts using mobile gadgets which connected with internet network (Kaplan, 2012). Several researchers agreed that mobile marketing has the ability to reach their target market even faster than the traditional advertising (Hopkins and Turner, 2012; Artuger et al., 2012). On the other hand, Sezgin (2016) emphasized that the ability to measure and its effectiveness of mobile marketing is significant on creating the brand awareness of consumers. Mobile marketing also was found that it is very efficient in terms of cost, speed to reach targeted customers, bilateral, measurable and easier to customize than direct marketing channel.

3.2. Entrepreneur's Attitude and Knowledge

One of the main factors where SME should consider when deploying innovation is the significance existence of expertise in the firm. Previous studies from several researchers have found that the availability of IT resources, which specifically in the organizational characteristics plays an important role for the level of adoption (Lankford et al., 2000; Dennis et al., 2002). It has been identified that there were three main stages required in adopting innovation, whereby the awareness of an individual towards an innovation must take place before they decide to adopt (Rogers, 2003). It is also important for the top managements of firms specifically SME able to make wise decisions into new adoption of innovative marketing, a leader that having awareness and knowledge in the current needs of marketing is likely to have better determination in adoption of innovation (Jeon et al., 2006).

H₁: Entrepreneur's attitude and knowledge affects the adoption of mobile marketing among SMEs in Malaysia

3.3. Branding Strategy

It has been proposed that the quality of the system and branding strategy highly affecting the trust from customers towards the product, especially the content in which able to be delivered through the websites in mobile gadgets (Zhou, 2011). Through the mobile gadgets and the highly increasing access in social media using mobile phones, it is able to offer potential in creating awareness and interest through rapid spreading of product and service experiences (Berger and Milkman, 2012; Hudson et al., 2016). In the previous study of Chiem et al. (2010), the mobile gadget today enables companies to create their own brand engagement and helps to maintain sustainability. There is also strong relationship between the qualities of brand awareness through mobile marketing and intention of consumer to procure.

H₂: The branding strategy affects the adoption of mobile marketing among SMEs in Malaysia

3.4. Technical Knowledge of the Firm

Some researcher explained that expertise in mobile or digital marketing skills across industries is significant for most firms and

it can hardly to be competitive if this skill is not available (Day, 2011). It is necessary for the mobile marketer to have the ability in shifting target and deliver the right information and promotions to the suitable audiences (Grewal et al., 2015). Grewal et al. (2015) emphasize that systematic care in customer relationship management databases by follow the demands of mobile shopper always needed by mobile marketer, in order to help the marketer to be able to accurately estimate their future strategy.

H₃: The technical knowledge of the firm affects the adoption of mobile marketing among SMEs in Malaysia.

4. RESEARCH APPROACH

This paper makes use of quantitative method in determining the adoption level of mobile marketing by the SMEs performance in Malaysia. In order to achieve the objectives of this research, researchers identify the characteristics of Malaysian SMEs by following the guideline of SME Corporation. The sample that distributed is specifically the respondents who never use mobile marketing as a part of their processes.

The target respondents for this research are mainly SMEs from manufacturing sectors to service sectors from all over Malaysia. Survey and observation method had been used to conduct this study. A sample of survey was distributed to 300 SMEs in Malaysia, 150 samples have been collected and discussed under the next section.

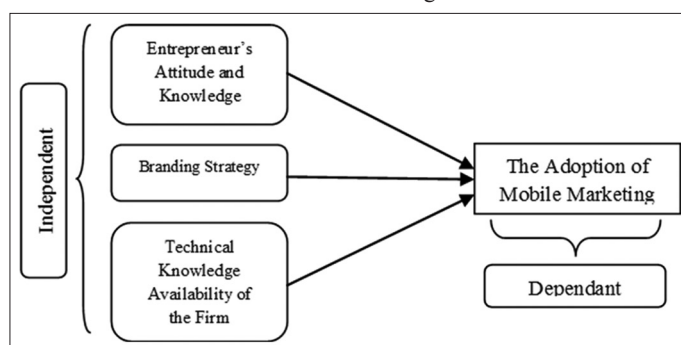
5. RESEACH MODEL

This study investigates three (3) independent variables, which are brand reputation and image, customer engagement, and also customer brand attitudes. Thus, the dependent variable of this study is the adoption of mobile marketing by SMEs. Hence, this study has developed a research model and was presented in Figure 1.

6. DISCUSSION AND FINDING

There is a weak relationship between entrepreneur's attitude and knowledge and the adoption of mobile marketing among SMEs in Malaysia (0.124), which falls under the coefficient range of "0.00-0.20". On the other hand, branding strategy and the adoption

Figure 1: Research model of factors influencing the adoption of mobile marketing



of mobile marketing has moderate relationship which is 0.452, and falls under “0.41-0.70”. Last but not least, technical knowledge availability of the firm and adoption of mobile marketing has the second place which is 0.327, and falls under the coefficient range of “0.21-0.40.”

On the other hand, there is a weak relationship between entrepreneur’s attitude and knowledge and the adoption of mobile marketing among SMEs in Malaysia (0.124), which falls under the coefficient range of “0.00-0.20”. On the other hand, branding strategy and the adoption of mobile marketing has moderate relationship which is 0.452, and falls under “0.41-0.70”. Last but not least, technical knowledge availability of the firm and adoption of mobile marketing has the second place which is 0.327, and falls under the coefficient range of “0.21-0.40.”

From the research analysis by using multiple regression analysis (MRA), R is 0.513, which is good relationship. This would mean that the respondent is good on the adoption of mobile marketing via mobile gadget. Furthermore, the positive sign of R implies a positive relationship.

Coefficient of determination, R^2 , is the proportion of variance in one variable associated with the variability in a second variable. From the result it shows 26.4% of the variables affected the adoption of mobile marketing via mobile gadget and that means 73.6% indirect factor other than variable that has been used for this study influenced the adoption of mobile marketing via mobile gadget. From the research analysis by using MRA, R is 0.513 which is good relationship. This would mean that the respondent is good on the adoption of mobile marketing via mobile gadget. Furthermore, the positive sign of R implies a positive relationship.

The first factor, entrepreneur’s attitude and knowledge are significant to the adoption of mobile marketing as its value amounted 0.012 and it is below than 0.05. The second factor which is branding strategy is significant with value 0.000 and below than 0.05. Last but not least, technical knowledge availability of the firm also significant to the adoption of mobile marketing as its value is 0.03 which is below than 0.05.

R value for this model summary is 0.692 which is good relationship. This means that the respondents are concern on the factors that influence the effectiveness of social media marketing towards online SME performance. R^2 is the proportion of variance in one variable associated with the variability in a second variable that shows of 0.479 from the result. It means 47.9% of independent variables studied in this contributed to the online SME performance and the other 52.1% are caused by indirect factors that are not study in this research.

The relationship can be indicated as the following equation:

$$Y_{\text{Adoption of mobile marketing}} = 2.011 - 0.195 \text{ Entrepreneur's attitude and knowledge} + 0.421 \text{ Branding strategy} + 0.194 \text{ Technical knowledge availability of the firm}$$

This study concluded that the branding strategy has highest contribution to the adoption of mobile marketing compared to the

other two variables. The value of branding strategy that influences the adoption of mobile marketing is 0.421, in which it has 42.1% contributing to influencing SME adoption of mobile marketing, while Technical Knowledge availability of firm has only 19.4%. Though, for entrepreneur’s attitude and knowledge has negative relationship towards influencing the adoption of mobile marketing.

7. CONCLUSION

From the result shown in findings and discussion, we can summarize that the independent variables of branding strategy has a greater influence towards the adoption of mobile marketing. Although the overall finding from this study concludes that there is a significant relationship between the adoption of mobile marketing (dependant variable) with the: (i) Branding strategy, and (ii) technical knowledge availability of the firm, there is one factor that insignificant which is the entrepreneur’s attitude and knowledge that has no impact with the adoption of mobile marketing. While attitude and knowledge is widely recognized, unfortunately in this study an unexpected result appeared differently in the SME’s perspective. Against this background, this research should provide guidelines for future research that emphasizes in the mobile marketing activities in a detailed context.

8. ACKNOWLEDGEMENT

The author would like to thank Universiti Teknikal Malaysia Melaka (UTeM) for their support in obtaining the info and material in development of our work and we also want to thank anonymous referees whose comments led to improved presentation of our work. Lastly we also thank the Ministry of Higher Education for FRGS/1/2014/SS05/FPTT/02/F00223 research grant and ISSC’16 Committee for comments that greatly improved the manuscript.

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